

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
DECEMBER 19, 2002

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 30 South Meridian Street, Suite 300, Indianapolis, Indiana. Members present were: David A. Bochnowski, Chairman; Loretta M. Burd, Vice Chairman; Tony Zaleski, Briget Polichene and Michael W. Davis. Present from the Department were: Charles W. Phillips, Director; J. Philip Goddard, Chief Counsel, Deputy Director and Secretary; James M. Cooper, Deputy Director; Chuck T. Stumpf, Deputy Director, Administrative Division; John J. Schroeder, Supervisor, Administration Division; Kirk J. Schreiber, Senior Bank Analyst; Gina R. Williams, Senior Bank Analyst; Mark K. Powell, Supervisor, Credit Union Division; Mark Tarpey, Supervisor, Consumer Credit Division; Donna R. Kaye, Assistant to Division Supervisor, Consumer Credit Division and Ronda Bailey, Administrative Assistant. Representing Community First Bank of Howard County, Kokomo, Indiana were: Mike Stegall, President and Chief Executive Officer, Craig Huffman, Chief Financial Officer and Tom Ristine from Ice Miller. Representing various credit unions were: Jonette Thomas, Michael Hussey, Loria Fannie, George McNichols, and Cindy Gribben. Members absent were David D. Baer and James L. Saner.

I. PUBLIC SESSION

- A.) Attendance
- B.) Date of next meeting: January 10, 2003 @ 9:00 a.m. (Pending)
- C.) A motion was made for approval of the minutes of the meeting held November 14, 2002, by Mrs. Burd and seconded by Mr. Zaleski. The motion was **unanimously approved**.

DIVISION OF BANK AND TRUST COMPANIES

1.) Community First Bank of Howard County, Kokomo, Howard County, Indiana

Ms. Gina Williams, Senior Bank Analyst, presented the application. The following individuals from Community First Bank of Howard County ("Community") were introduced: Mike Stegall, proposed President and Chief Executive Officer and Craig Huffman, proposed Chief Financial Officer. Also introduced was Tom Ristine from Ice Miller.

Ms Williams informed the Members of the Department they have been asked to approve a state-chartered commercial bank to be known as Community First Bank of Howard County. The proposed institution will be headquartered in Kokomo, Indiana and its primary trade area will be Kokomo and Howard County. The Bank proposes to be a state non-member bank. If approved, the Department and the Federal Deposit Insurance Corporation ("FDIC") will supervise it.

Ms. Williams informed the Members that in the second quarter of 2002, Mr. Stegall and sixteen other individuals, known as the Founders, incorporated Community First Founders, Inc. ("CFF") and capitalized it with \$435,000. The purpose of CFF was to pay for the organizational expenses associated with chartering a new bank. November balance sheet and income statements for CFF were located on pages 18 & 19 of the Members' outline.

In April of 2002, the Founders also formed Community First Mortgage Company, LLC ("CFM") with initial capital of \$410,000. The purpose of CFM was to begin operations as a broker of residential mortgage loans, begin generating income, and eventually become a part of the new bank. November balance sheet and income statements for CFM were located on pages 20 & 21 of the outline.

In September of 2002, the application for the formation of a new bank was filed with the Department and the FDIC. The Bank is now offering a minimum of up to 915,500 and a maximum of 1,415,500 shares of common stock at a price of \$10.00 per share pursuant to a private placement offering. The proceeds will be used to begin the operations of the Bank.

As part of the Founders mutual understandings at the time they purchased their interests in CFF and CFM, they would exchange their ownership interests in CFM and their stock in CFF for shares of the Bank.

The Organizers intend to create a customer-driven financial institution focused on providing high value to clients by delivering products and services matched to their needs. Many of the area's locally owned or managed financial institutions have either been acquired by large regional bank holding companies, consolidated into branches, or closed. The Bank will be the only bank headquartered in Kokomo that is locally owned and locally managed.

The Bank will focus on the following market segments:

- 1.) Small and Medium sized business with less than \$10 million in sales. There are approximately 2,500 businesses in the Kokomo area with sales less than \$10 million.
- 2.) Middle-income households of \$50,000-\$74,000. Projections indicate that families in this income range will be the most dominant by 2006.

The main office will be located at 201 West Sycamore Street in Kokomo, which is currently where Community First Mortgage conducts business. The Bank will lease approximately 7,000 square feet from Uptown Investors, LLC, which is an interest of one of the bank's directors. Based on information provided in the application and comparables of what the other tenants in the building pay, the lease agreement is considered to have been negotiated at arms-length.

Because the Bank will have only the one location, management is looking into utilizing a mobile banking service for its customers.

Ms. Williams told the Members the application approval factors for the formation of a commercial bank in IC 28-11-5-4 were listed on page 22 of the outline. The statute states the Department should investigate and consider the following:

Factor #1 The financial standing and character of the incorporators, organizers, directors, principal shareholders, and controlling corporation.

The Board of Directors consists of one insider, Mike Stegall, the President of the Bank, and thirteen outside directors. The directors are all recognized and established individuals in the Kokomo community and have significant business experience and close, personal ties to the Howard County area.

The individual financial statement and biographical background was investigated. No unfavorable items were noted. In addition, the FDIC conducts its own background investigation including FBI criminal checks. Moira Clepper of the FDIC indicated they were still waiting on the results of these background checks.

Profiles of these individuals could be found on pages 9 through 13 of the outline.

The staff of the Department recently met with a majority of these individuals and was very impressed with their commitment to form a new bank.

The financial standing and character of each incorporator, organizer, director, and principal shareholder is considered acceptable.

Factor #2 The character, qualifications, and experience of the officers and directors of the proposed financial institution.

The bank will begin operations with a staff of approximately 15 to 20 full-time employees.

Mike Stegall will serve as President and Chief Executive Officer. Mr. Stegall has over 30 years of banking experience. He most recently served as President of First National Bank & Trust of Kokomo. Mr. Stegall's business background is detailed on page 4 of the outline.

Craig Huffman will serve as Chief Financial Officer. Mr. Huffman has approximately 18 years of financial accounting experience with commercial banks, including internal/external financial reporting, budgeting/forecasting, asset/liability management and investment portfolio management. Mr. Huffman's business background is detailed on page 5 of the outline.

Robert Blume will serve as Chief Credit Officer. Mr. Blume has 15 years of banking experience, the last three serving as SVP-Manager of Commercial lending at First National Bank & Trust of Kokomo, which had a commercial loan portfolio of \$600 million.

Michael Grant will serve as Director of Retail Banking where he will be responsible for Mortgage lending, Consumer lending, and Retail Branch Operations. For 16 years, Mr. Grant managed the Mortgage Loan Department and Consumer Loan Department of First National Bank & Trust. Since April 2002, Mr. Grant has been an employee of Community First Mortgage Company.

Robert Hickman will serve as a loan officer. Mr. Hickman has 14 years of experience in commercial banking, specialty commercial lending, and financial analysis. Since August

2001,

he served as Vice President of Commercial Lending for the First National Bank & Trust where he managed a commercial loan portfolio with out standings in excess of \$33MM.

A detailed description of each of these gentlemen's work experience can be found on page 5 of the outline. The officers and directors are well known and established in their respective communities.

The character, qualifications, and experience of the officers and directors of the proposed financial institution are considered acceptable.

Factor #3 The future earnings prospects for the proposed financial institution in the community in which the financial institution is to be established.

Anticipated balance sheet and income projections can be found on pages 15 and 16 of the outline. The projections were prepared by Mike Stegall and Craig Huffman based on their experience and knowledge of the bank's proposed target market. BKD, LLP, the Bank's external auditor, then reviewed the projections. One assumption of major significance is that the organizers will raise at least \$9,155,000 in the private placement offering.

The projections appear reasonable based on the assumptions utilized and proposed marketing plan of the bank.

Factor #4 The adequacy of the financial institution's proposed capital.

The proposed capital of the Bank, as detailed on page 8 of the outline, is considered adequate. The FDIC Statement of Policy states a new depository institution should have initial capital to total estimated assets of at least 8% at the end of the 3rd year.

Pro forma financial information projects the Tier 1 capital ratio to exceed the minimum required capital ratio.

Ms. Williams informed the Members the Bank started selling the stock in early November and as of last week had raised about \$8 million.

An application for deposit insurance was submitted to the Federal Deposit Insurance Corporation. Moira Clepper of the FDIC anticipates the application being acted on sometime in January.

Based on the findings of the investigation by the Department, the staff recommends approval of the formation of a state chartered commercial bank to be known as Community First Bank of Howard County headquartered in Kokomo, Indiana.

Mrs. Burd asked for an update on the sale of the capital. Mr. Stegall stated that as of last night

approximately \$8.5 million had been sold.

Chairman Bochnowski asked if our approval was conditioned on the Bank obtaining the FDIC's approval. Mr. Phillips informed him that obtaining FDIC insurance was a requirement set by the statutes.

Ms. Williams stated that there are standard conditions for all new banks, which are detailed in the approval letters. These include the bank raising the minimum capital stated in the application, a tier 1 capital ratio of 8% must be maintained for the first three years of operation, the bank must operate within the parameters of the submitted business plan, any changes in proposed officers, directors, or ownership in the first three years of operation must be approved by the Director, no dividends may be paid for the first three years without the consent of the Director, the bank will have an annual audit of its financial statement for the first three years of operations, the bank must be incorporated within six months from the date of the Department's approval, and the bank must submit monthly financial statements to the Department.

With no further questions, the Members then voted on each of the approval factors.

Mr. Davis made a motion for a favorable approval on **Factor #1**. Mrs. Burd seconded the motion. There were no unfavorable votes. **Factor #1** was unanimously approved.

Mrs. Burd made a motion for a favorable approval on **Factor #2**. Ms. Polichene seconded the motion. There were no unfavorable votes. **Factor #2** was unanimously approved.

Mrs. Burd made a motion for a favorable approval on **Factor #3**. Mr. Zaleski seconded the motion. There were no unfavorable votes. **Factor #3** was unanimously approved.

Mr. Davis made a motion for a favorable approval on **Factor #4**. Ms. Polichene seconded the motion. There were no unfavorable votes. **Factor #4** was unanimously approved.

2.) **The Knisely National Bank of Butler, Butler, DeKalb County, Indiana**

Gina Williams, Senior Bank Analyst presented the application. The Knisely National Bank of Butler (the "Bank") headquartered in Butler, Indiana has applied for approval of a charter conversion from a nationally chartered bank to a state commercial bank pursuant to IC 28-3-2. The name of the resulting state bank will be "Knisely Bank".

In addition to applying for a state charter, the Bank has also applied for membership in the Federal Reserve. Upon conversion, the Department and the Federal Reserve Bank of Chicago will regulate the Bank.

Knisely National Bank has branch locations in Auburn and St. Joe, Indiana. The Bank's primary market area consists of DeKalb County with Allen and Stueben Counties in Indiana and Williams County in Ohio as its secondary market area. The Bank is a wholly owned

subsidiary of Knisely Financial Corporation, a single-bank holding company. The Knisely Family own approximately 53% of the outstanding holding company stock.

The primary reason for the conversion is a cost savings measure. As a state bank, the Bank would pay approximately \$7,000 for their annual assessment compared to \$26,000, which they paid as a nationally chartered bank.

Ms. Williams informed the Members the Department and the Federal Reserve Bank of Chicago conducted a joint Safety and Soundness examination to assess the financial condition and risk profile of the institution. The examination commenced on September 23, utilizing June 30 financial information. As of June 30, 2002, Knisely National Bank had total assets of \$53 million and total equity capital of \$4 million.

The results of the examination reveal the overall financial condition and risk profile of the Knisely National Bank to be satisfactory.

Capital was considered satisfactory despite a decline in Tier 1 Leverage Capital due to modest asset growth, primarily in the Auburn market. The bank's Tier 1 Leverage Capital Ratio was 7.16% as of June 30, 2002. The board of directors passed a resolution to not allow the Tier 1 Leverage Capital Ratio fall below 7.00% for three years after converting.

Asset quality was considered strong. Approximately two-thirds of the loan portfolio is comprised of 1-4 family residential loans. Management's lending practices are generally conservative. Adversely classified loans represented less than 5% of Tier 1 capital and the ALLL. The investment portfolio is also conservative with approximately 87% of the portfolio in US Government sponsored bonds.

Management of the bank is considered satisfactory and demonstrates sufficient understanding of the banking environment and overall risk profile of the bank. There are four key management

members that all have several years of banking experience at this bank. There will be no change in the directors, officers, or operating personnel due to the conversion.

Earnings are considered satisfactory. Controlled overhead expenses and low provisions to the loan loss reserve due to strong loan quality contribute to the bank's satisfactory earnings performance

Liquidity risk is considered low and well managed. The bank has sufficient cash flow to conduct its day to day funding activities, with adequate liquidity and funding support stemming from a stable core deposit base, a marketable securities portfolio, and suitable established contingency borrowing arrangements.

Interest rate risk is moderate but management's ability to monitor, measure, and control market risk is acceptable

The Department conducted a Compliance Examination as of October 21, 2002. The examination identified five types of non-reimbursable violations. Bank management agreed to make the necessary procedural changes to ensure the violations did not occur in the future

OCC examined the Knisely National Bank on September 17, 2001. The overall condition of the Bank was considered satisfactory with no material supervisory concerns noted. The OCC examined the bank for compliance with the Community Reinvestment Act in June 1996 and issued a Satisfactory CRA Rating.

Ms. Williams told the Members the Federal Reserve of Chicago approved the Bank's membership application on December 5, 2002.

Ms. Williams informed the Members IC 28-3-2-1 provides for the approval of the conversion of a national bank into a state chartered institution if the resulting bank meets the standards as to location, condition of assets, capital structure, and quality of management required of banks and trust companies by IC 28-11-5 or IC 28-2.

Based on the findings of the examination and the investigation conducted by the Department, the applicant is considered to meet these standards and the staff recommends approval of the conversion of The Knisely National Bank of Butler to a state chartered commercial bank to be known as Knisely Bank.

Mrs. Burd asked if the Ohio banking Department would have to approve this since one of the Bank's secondary market areas was a county in Ohio. Ms. Williams told her the Ohio banking Department would not have to approve this. The reason the county in Ohio is included in the Bank's market area is because the Bank is located so close to the Ohio County that a significant number of Ohio residents commute to Indiana so they bank with The Knisely National Bank.

A motion for approval of the application was made by Mr. Davis and seconded by Ms. Polichene. The application was unanimously approved.

CREDIT UNION DIVISION

1.) Taper Lock Credit Union, Mishawaka, St. Joseph County, Indiana

Taper Lock Credit Union is applying to the Members for permission to expand its field of membership to include persons who reside or work in Marshall County, LaGrange County, or the City of Mishawaka, Indiana. Mr. Powell explained that the requested community fits within the statutory definition of a community. Further, Mr. Powell stated that Taper Lock Credit Union had an 11.63% capital ratio and was projecting capital to be 10.64% at the end of the pro-forma period. Mr. Powell went on to explain that Taper Lock did not currently anticipate building any new facilities, but was anticipating building a new branch office and adding one new staff person in 2004, and purchasing three new ATM machines in 2003. Further, Mr. Powell pointed out that Taper Lock was reflecting steady increases in net income

during the pro-forma period.

Mrs. Burd made a motion for approval, which was seconded by Mr. Zaleski to expand the above field of membership. The motion was unanimously approved.

2.) Tech Credit Union, Crown Point, Lake County, Indiana

Tech Credit Union is applying to the Members for permission to expand its field of membership to include persons who reside or work in Newton and Jasper Counties, Indiana, and Will County, Illinois. Mr. Powell explained that the requested communities fit within the statutory definition of a community, and that the State of Indiana has a reciprocity agreement in place with the State of Illinois. Further, Mr. Powell stated that Tech has a 11.03% capital ratio and was projecting capital to be 11.40% at the end of the pro-forma period. Mr. Powell went on to explain that Tech did not anticipate building any new facilities or adding any new staff due to the requested expansion. Further, Mr. Powell pointed out that Tech was reflecting steady increases in net income during the pro-forma period.

Mrs. Burd asked Mr. Hussey if the credit union anticipated more future growth from Illinois rather than from Indiana. Mr. Hussey replied that the credit union saw the future growth being evenly split between Indiana and Illinois.

Mrs. Burd made a motion for approval, which was seconded by Mr. Zaleski to expand the above field of membership. The motion was unanimously approved.

3.) Teachers Credit Union, South Bend, Saint Joseph County, Indiana

Teachers Credit Union is applying to the Members for permission to expand its field of membership to include persons who reside or work in Porter County, Indiana. Mr. Powell explained that the requested community fits within the statutory definition of a community. Further, Mr. Powell stated that Teachers had a 9.01% capital ratio and was projecting capital to be 9.14% at the end of the pro-forma period. Mr. Powell went on to explain that Teachers did not anticipate building any new facilities or add any new staff due to the requested expansion. Further, Mr. Powell pointed out that Teachers was reflecting steady increases in net income during the pro-forma period.

Mr. Zaleski made a motion for approval, which was seconded by Mr. Davis to expand the above field of membership. The motion was unanimously approved.

4.) Hoosier Hills Credit Union, Bedford, Lawrence County, Indiana

Hoosier Hills Credit Union is applying to the Members for permission to expand its field of membership to include persons who reside or work in the Indiana Counties of Davies, Greene, Jackson, and Washington. Mr. Powell explained that the requested communities fit within the statutory definition of a community. Mr. Powell stated that Hoosier Hills had a 8.70% capital ratio and was projecting capital to be 11.15% at the end of the pro-forma period. Mr. Powell went on to explain that Hoosier Hills did not anticipate building any new facilities or adding any new staff due to this expansion. Mr. Powell pointed out that Hoosier Hills was reflecting

steady increases in net income during the pro-forma period.

Ms. Polichene made a motion for approval, which was seconded by Mrs. Burd to expand the above field of membership. The motion was unanimously approved.

5.) NATCO Credit Union, Richmond, Wayne County, Indiana

NATCO Credit Union is applying to the Members for approval of their merger of Belden Credit Union, Naperville, DuPage County, Illinois. Mr. Powell explained that this is a voluntary merger entered into by the Board of Directors of Belden Credit Union so that the more sophisticated services of NATCO can be used by the Belden Credit Union membership. Mr. Powell further explained that this merger was somewhat unusual in that Belden is an Illinois chartered credit union with almost its entire membership located in Richmond, Indiana.

This situation has created a logistical nightmare for the Belden Board of Directors that has led to high loan delinquency, and operating expenses. However, other than a temporary increase in the loan delinquency percentage this merger will have little or no effect upon the balance sheet of NATCO Credit Union. Mr. Powell also pointed out that the Illinois DFI and the NCUA had previously approved this merger.

Mr. Bochnowski asked if the Illinois offices of the Belden Credit Union would in effect be branches of NATCO. Ms. Cindy Gribben, CEO of NATCO replied that no Illinois offices would be closed, and that credit union services would be provided electronically to the Illinois members.

Mr. Phillips then asked how many employees Belden Wire had at their Richmond plant. Ms. Gribben replied that there were 15,000 employees at the Richmond plant and that Belden is the largest employer in Richmond.

Mrs. Burd made a motion for approval, which was seconded by Mr. Davis. The motion to approve the merger was unanimously approved by the Members.

CONSUMER CREDIT DIVISION

- A.)** Mark Tarpey, Division Supervisor of the Nondepository Division, presented an informational update to the Members on the status of legal action against a used auto dealer by the name of DAT, Inc. d/b/a Ideal Corvette by the office of the Attorney General. A proposed consent judgment that has been agreed to by all parties is currently being finalized. The DFI had asked the office of the Attorney General to file suit to effect refunds due consumers in excess of \$100,000. Supervisor Tarpey also updated the Members with general information about the most recent examinations of the entities who are making single pay, short-term loans, under the new provisions of IC 24-4.5-7. General details were given to the Members regarding the new credit insurance regulations that have been issued by the Indiana Department of Insurance and that become effective as of January 1, 2003. The Department is still awaiting complete details from the Department of Insurance as to rates and rebate formulas.

DIRECTOR'S COMMENTS

A.) Proposed Department of Financial Institutions legislation – Phil Goddard

Mr. Goddard presented a summary of the Department's proposed legislation in the materials mailed to the Members. He spoke briefly concerning the summary and then entertained any questions concerning what the Department's proposal. There were no questions. He also explained that the Indiana Bankers Association was presenting a list of proposals that the Department staff had reviewed and approved.

B.) Community Bank of Southern Indiana, New Albany, Floyd County, Indiana

On October 15, 2002, the bank notified the Department of its intent to establish a qualifying subsidiary pursuant to IC 28-13-6. The subsidiary, known as CBSI Development Fund, Inc., is being formed to enable the Bank to participate in the federal New Markets Tax Credit Program. **This item was for informational purposes only.**

C.) Director Phillips advised the Members of actions taken pursuant to Delegated Authority.

ACTIONS BY DELEGATED AUTHORITY

1.) THE NEW WASHINGTON STATE BANK, NEW WASHINGTON, CLARK COUNTY, INDIANA

The bank has applied to the Department for approval to establish a branch banking office to be located at **3300 Grant Line Road, Suite 190, New Albany, Floyd County, Indiana**. The application was received on October 29, 2002. The branch is to be known as **Grant Line Station Branch of the New Washington State Bank**. The bank is leasing the space from an independent third party for two years with three renewal options for one year each. Monthly lease payments are \$1,656.25 for the initial lease term. Furniture, fixtures, and equipment costs are projected at \$18M. Leasehold improvements are estimated at \$7M. No insider relationship exists between any insiders of the bank and any of the parties involved in this transaction. The bank's three-year average ROA is 1.46%. As of June 30, 2002, the bank's ROA is 1.51% and its Tier 1 leverage capital ratio is 8.56%. The investment in total fixed assets to total capital will be 24.28% after the establishment of the branch. **This will be the institution's seventh branch. The Director approved this on November 12, 2002, under Delegated Authority.**

2.) GRABILL BANK, GRABILL, ALLEN COUNTY, INDIANA

The bank has applied to the Department for approval to establish a branch banking office to be located at **1115 Avenue of the Autos, Fort Wayne, Allen County, Indiana**. The application was received on October 3, 2002. The proposed branch name is **State Road 14 Office**. The bank is purchasing the building of a former Bank One branch that recently closed. The purchase price for the land, building and its contents is \$1,050M. Additional furniture, fixtures, and equipment costs are projected at \$150M. No insider relationship exists between any insiders of the bank and any of the parties involved in this transaction. The bank's three-year average ROA is 1.29%. As of June 30, 2002, the bank's ROA is 1.40 and its Tier 1 leverage

capital ratio is 8.34%. The investment in total fixed assets to total capital will be 17.58% after the establishment of the branch. This will be the institution's sixth branch. **The Director approved this on November 12, 2002, under Delegated Authority.**

3.) **CENTIER BANK, WHITING, LAKE COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be located at **4725 Indianapolis Boulevard, East Chicago, Lake County, Indiana, inside a Sterks Super Food Store**. The application was received on September 26, 2002. The branch is to be known as **Centier Bank**. The bank is leasing the space from an independent third party for five years. After the initial five years, the store is planning an expansion and a new lease will be negotiated. Monthly lease payments are \$1,458.33 for the initial lease term. Furniture, fixtures, and equipment costs are projected at \$162M. Leasehold improvements are estimated at \$52M. No insider relationship exists between any insiders of the bank and any of the parties involved in this transaction. The bank's three-year average ROA is 1.16%. As of June 30, 2002, the bank's ROA is 1.36% and its Tier 1 leverage capital ratio is 7.58%. The investment in total fixed assets to total capital will be 11.93% after the establishment of the branch. This will be the institution's thirty-first branch. **The Director approved this on November 12, 2002, under Delegated Authority.**

4.) **FIRST PARKE STATE BANK, ROCKVILLE, PARKE COUNTY, INDIANA**

The bank has applied for approval to relocate a branch banking office from **917 Washington Street, Montezuma, Parke County, Indiana** to **204 Crawford Street, Montezuma, Parke County, Indiana**. The application was received on October 7, 2002. The proposed branch office is a former Old National bank branch with approximately 1,664 square feet. The bank purchased the property for approximately \$150M. The bank will vacate the current branch upon approval by the regulatory agencies. The bank will try to sell the current branch. The bank's three-year average ROA is 1.73%. As of June 30, 2002, the bank's ROA is 1.76% and its Tier 1 leverage capital ratio is 9.76%. The investment in total fixed assets to total capital will be 10.04% after the relocation of the branch. The institution has four branch offices. **The Director approved this on November 12, 2002, under Delegated Authority.**

5.) **UNION SAVINGS BANK, CINCINNATI, HAMILTON COUNTY, OHIO**

An application for issuance of a certificate of admission was received from Union Savings Bank, Cincinnati, Hamilton County, Ohio ("Union Savings"). Union Savings filed the application to enable it to transact business in the State of Indiana in accordance with the provisions of IC 28-1-22. Union Savings, an Ohio state chartered savings and loan association, intends to establish a loan production office initially, then expand to a full service branch at some future date. The loan production office will be located at 90 Executive Drive, Suite B, Carmel, Indiana. Michael Mohr, 90 Executive Drive, Suite B, Carmel, Hamilton County, Indiana, has been appointed as resident agent for service of legal process by the savings association. **The Director issued a Certificate of Admission on November 12, 2002, under Delegated Authority.**

6.) **MICHIGAN CITY SAVINGS AND LOAN ASSOCIATION, MICHIGAN CITY, LAPORTE COUNTY, INDIANA**

Michigan City Savings and Loan Association has applied to the Department for permission to amend Section 2 of Article 1 of its Articles of Stock Charter Conversion. The amendment to Section 2 will change the bank's name to **City Savings Bank**. The effective date of the amendment will be December 1, 2002. Michigan City Savings and Loan Association converted

from a state chartered mutual savings and loan to a state chartered stock savings and loan on December 27, 2001. **The Director approved this on November 12, 2002, under Delegated Authority.**

7.) **AMERIANA BANK & TRUST, NEW CASTLE, HENRY COUNTY, INDIANA**

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay a cash dividend of \$1,200,000 to its holding company, Ameriana Bancorp, New Castle, Indiana. The dividend will be upstreamed to the parent holding company in two separate transactions. The first dividend of \$600M will be upstreamed to the holding company in the fourth quarter of 2002, payable in the first quarter of 2003. The second dividend of \$600M will be upstreamed to the holding company in the first quarter of 2003, payable in the second quarter of 2003. Ameriana Bancorp intends to use the proceeds for its regular quarterly dividend payment to its shareholders and to cover holding company expenses. As of September 30, 2002, the bank's Tier I leverage capital ratio is 8.42%. Proforma Tier 1 leverage to total estimated assets is approximately 8.50% after the payment of the dividend. The bank's average three-year ROA is 0.80%. **The Director approved this on November 18, 2002, under Delegated Authority.**

8.) **INDIANA LAWRENCE BANK, NORTH MANCHESTER, WABASH COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be located at **1810 East Center Street, Warsaw, Kosciusko County, Indiana**. The application was received on October 17, 2002. The branch is to be known as **Indiana Lawrence Bank**. The bank is leasing the space from an independent third party for three years with three renewal options for three years each. Monthly lease payments are \$1,800.00 for the initial lease term. It is estimated that there will be \$20M worth of leasehold improvements to make the site into a banking facility. Furniture, fixtures, and equipment costs are projected at \$30M. No insider relationship exists between any insiders of the bank and any of the parties involved in this transaction. The bank's three-year average ROA is 1.46%. As of September 30, 2002, the bank's ROA is 0.90% and its Tier 1 leverage capital ratio is 8.52%. The investment in total fixed assets to total capital will be 15.45% after the establishment of the branch. This will be the institution's eighth branch. **The Director approved this on December 4, 2002, under Delegated Authority.**

9.) **FIFTH THIRD BANK, INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA**

The bank has applied for approval to consolidate three branch banking offices into one and

then relocate into a newly constructed branch facility. The three branches that will consolidate are located at **601 Main Street, Tell City, Perry County, Indiana, 43 U.S. Highway 66 East, Tell City, Perry County, Indiana and 411 Washington Street, Cannelton, Perry County, Indiana** will relocate to **45 State Road 66 West, Tell City, Perry County, Indiana**. The application was received on October 15, 2002. The bank purchased the land for approximately \$624M. Construction of the building is estimated to cost \$1,044M. Furniture, fixtures and equipment costs are approximated at \$435M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank will vacate the current branches

upon completion of the proposed branch. The expected completion date is March 31, 2003. The bank will attempt to sell the current branches upon relocating to the new branch. The bank's three-year average ROA is 1.62%. As of June 30, 2002, the bank's ROA is 1.36% and its Tier 1 leverage capital ratio is 12.37%. The investment in total fixed assets to total capital will be 8.28% after the relocation is complete. **The Director approved this on December 4, 2002, under Delegated Authority.**

10.) FIFTH THIRD BANK, INDIANAPOLIS, MARION COUNTY, INDIANA

The bank has applied to the Department for approval to establish a branch banking office to be located at **12626 U.S. 41, Evansville, Vanderburgh County, Indiana**. The application was received on November 1, 2002. The branch is to be known as **Fifth Third Bank, Indiana**. The proposed branch is a 4,200 square foot newly constructed full service branch banking facility. The bank purchased the property for approximately \$575M. The estimated costs for constructing the branch is \$784M. Furniture, fixtures, and equipment costs are projected at \$359M. No insider relationship exists between any insiders of the bank and any of the parties involved in this transaction. The bank's three-year average ROA is 1.62%. As of June 30, 2002, the bank's ROA is 1.36% and its Tier 1 leverage capital ratio is 12.37%. The investment in total fixed assets to total capital will be 8.28% after the establishment of the branch. This will be the institution's seventy-fifth branch. **The Director approved this on December 4, 2002, under Delegated Authority.**

11.) HOOSIER HILLS CREDIT UNION, BEDFORD, LAWRENCE COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Jones Kuehn Imhoff Engineering, Inc. – Bedford – 8 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on November 12, 2002, under Delegated Authority.

12.) PERFECT CIRCLE CREDIT UNION, HAGERSTOWN, WAYNE COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would

place the following organizations into the field of membership of the credit union:

The Leland Residence – Richmond – 24 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on November 12, 2002, under Delegated Authority.

13.) FORUM CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

I.T. Business Corporation – Indianapolis – 14 members (common bond of occupation as defined by 28-7-1-10)

Tires Plus – Noblesville – 6 members (common bond of occupation as defined by 28-7-1-10)

R & N Demolition, Inc. – Noblesville – 6 members (common bond of occupation as defined by 28-7-1-10)

Media Buy Net – Carmel – 9 members (common bond of occupation as defined by 28-7-1-10)

The Goddard School – Fishers – 16 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on November 13, 2002, under Delegated Authority.

14.) TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Billisama Properties, LLC – South Bend – 2 members (common bond of occupation as defined by 28-7-1-10)

Indiana Retired Teachers Association – Indianapolis – 5 members (common bond of occupation as defined by 28-7-1-10)

APT Productions, LLC – South Bend – 2 members (common bond of occupation as defined by 28-7-1-10)

Graystoke I, LLC – South Bend – 2 members (common bond of occupation as defined by 28-7-1-10)

American North Country Cheviot Sheep Association – Walkerton – 1 member (common bond of occupation as defined by 28-7-1-10)

Durga Hospitality Corporation – Michigan City – 8 members (common bond of occupation as defined by 28-7-1-10)

LaVanture Group – Elkhart – 103 members (common bond of occupation as defined by 28-7-

1-10)

Janice Morales D.O. Family Practice – Mooresville – 3 members (common bond of occupation as defined by 28-7-1-10)

Murphy's Lock & Key – Indianapolis – 7 members (common bond of occupation as defined by 28-7-1-10)

Solid Gold, Inc. – Elkhart – 4 members (common bond of occupation as defined by 28-7-1-10)

J.J. Deli, Inc. – North Liberty – 7 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on November 25, 2002, under Delegated Authority.

15.) FAMILY HORIZONS CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Independent Welding Distributors Cooperative – Indianapolis – 20 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on November 26, 2002, under Delegated Authority.

16.) FORUM CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Renal Care Group – Indianapolis – 225 members (common bond of occupation as defined by 28-7-1-10)

Newport's Outlet Store – Cicero - 60 members (common bond of occupation as defined by 28-7-1-10)

Hetrick Communications, Inc. - Indianapolis – 22 members (common bond of occupation as defined by 28-7-1-10)

Vibromatic Company, Inc. – Noblesville – 24 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on December 2, 2002, under Delegated Authority.

17.) TECH CREDIT UNION, CROWN POINT, LAKE COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Awakened Alternatives, Inc. – Hazel Crest, IL – 115 members (common bond of occupation as defined by 28-7-1-10)

Schepel Buick-GMC – Merrillville - 67 members (common bond of occupation as defined by 28-7-1-10)

Schepel Cadillac-Hummer – Merrillville – 68 members (common bond of occupation as defined by 28-7-1-10)

Limited Resource Management, Inc. – South Holland, IL – 5 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on December 2, 2002, under Delegated Authority.

- 18.) Advanced Equity Inc. is requesting a consumer loan license. Applicant is based in Elkhart, IN. They will be making direct installment loans. They will be servicing their loans. Applicant is recommended for approval. **The Director approved this on December 2, 2002, under Delegated Authority.**
- 19.) AEGIS Funding Corporation d/b/a AEGIS Home Equity is requesting a consumer loan license. Applicant is based in Houston, TX with one branch in Indianapolis. They will be making second mortgage loans. They will not be servicing their loans. Title companies will close loans. They currently operate in six states. Applicant is recommended for approval. **The Director approved this on December 2, 2002, under Delegated Authority.**
- 20.) AEGIS Lending Corporation is requesting a consumer loan license. Applicant is based in Baton Rouge, LA with an office in Carmel and Richmond. They will be making second mortgage loans. They will not be servicing their loans. Title companies will close loans. They currently operate in five states. **The Director approved this on December 2, 2002, under Delegated Authority.**
- 21.) AEGIS Wholesale Corporation is requesting a consumer loan license. Applicant is based in Houston, TX. They will be making second mortgage loans. They will not be servicing their loans. Title companies will close loans. They currently operate in six states. **The Director approved this on December 2, 2002, under Delegated Authority.**
- 22.) American Equity Mortgage, Inc. is requesting a consumer loan license. Applicant is based in St. Louis, MO. They will be making second mortgage loans. They will not be servicing their loans. Title company/attorneys will close loans. They currently operate in 11 states. Applicant is recommended for approval. **The Director approved this on December 2, 2002, under Delegated Authority.**
- 23.) American Mortgage Network, Inc. is requesting a consumer loan license. Applicant is based in San Diego, CA. They will be making second mortgage loans. They will not be servicing their loans. Title companies will close loans. They currently operate in 12 states. Applicant is

recommended for approval. **The Director approved this on December 2, 2002, under Delegated Authority.**

- 24.) Atlantic Financial, Inc. is requesting a consumer loan license. Applicant is based in College Park, MD. They will be making second mortgage loans. They will not be servicing their loans. Title companies will close loans. They currently operate in three states. Applicant is recommended for approval. **The Director approved this on December 2, 2002, under Delegated Authority.**
- 25.) Daimler-Chrysler Services North America, LLC, is requesting a consumer loan license. Applicant is based in Westlake, TX. They will be making direct auto loans. They will be servicing their loans. This license is being obtained to enable Daimler-Chrysler Financial Services Trust to sell off lease vehicles to customers under a direct loan agreement. Applicant is recommended for approval. **The Director approved this on December 2, 2002, under Delegated Authority.**
- 26.) HomeFirst Mortgage, Inc. is requesting a consumer loan license. Applicant is based in Irvine, CA and is also licensed as a loan broker with the Indiana Securities Division. They will be making second mortgage loans. They will not be servicing their loans. Title companies will close loans. They currently operate in 21 states. Applicant is recommended for approval. **The Director approved this on December 2, 2002, under Delegated Authority.**
- 27.) InstaFi.com (Inc.) is requesting a consumer loan license. Applicant is based in Irvine, CA. They will be making second mortgage loans. They will not be servicing their loans. Title companies will close loans. They currently operate in 26 states. Applicant is recommended for approval. **The Director approved this on December 2, 2002, under Delegated Authority.**
- 28.) Loanstream, Inc. is requesting a consumer loan license. Applicant is based in Plano, TX and is a wholly owned subsidiary of Beal Bank. They will be making second mortgage loans. They will not be servicing their loans. Title companies will close loans. They currently operate in nine states. Applicant is recommended for approval. **The Director approved this on December 2, 2002, under Delegated Authority.**
- 29.) Pinnacle Direct Funding Corporation is requesting a consumer loan license. Applicant is based in Orlando, FL. They will be making second mortgage loans. They will be servicing their loans. Loans will be closed by title company/attorneys. **The Director approved this on December 2, 2002, under Delegated Authority.**
- 30.) Pinnacle Financial Corporation d/b/a Netstar Funding, Tristar Lending Group and Pinnacle Manufactured Funding is requesting a consumer loan license. Applicant is based in Orlando, FL. They will be making second mortgage/manufactured housing loans. They will not be servicing their loans. Loans will be closed by title company/attorneys. They currently operate in three states. Applicant is recommended for approval. **The Director approved this on December 2, 2002, under Delegated Authority.**

31.) The Home Loan Center, LLC is requesting a consumer loan license. Applicant is based in Southfield, MI. They will be making second mortgage loans. They will not be servicing their loans. Title companies will close loans. They currently operate in two states. Applicant is recommended for approval. **Application is pending updated financial statements.**

32.) World Lending Group, Inc. is requesting a consumer loan license. Applicant is based in Swanee, GA with one branch in Goshen. They will be making second mortgage loans. They will not be servicing their loans. Loan companies will close loans. They currently operate in 37

states. Application is recommended for approval. **The Director approved this on December 2, 2002, under Delegated Authority.**

33.) E\$Z Payday Loans d/b/a E\$Z Payday Loans is requesting a consumer small loan license. Applicant is based in Indianapolis. They will be making small loans under IC 24-4.5-7. They will be servicing their loans. Applicant is recommended for approval. **The Director approved this on December 2, 2002, under Delegated Authority.**

34.) Moneysource, Inc. is requesting a consumer loan license. Applicant is based in Angola, IN. They will be making small loans under IC 24-4.5-7. They will be servicing their loans. Applicant is currently licensed in good standing as a Check Casher #8188 and as a Pawnbroker #8187. Applicant is recommended for approval. **The Director approved this on December 2, 2002, under Delegated Authority.**

APPROVED:

ATTEST:

David A. Bochnowski, Chairman

J. Philip Goddard, Secretary